

104TH CONGRESS
2D SESSION

H. R. 3809

To improve the ability of the United States Government to collect debts owed to it, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1996

Mr. PALLONE (for himself, Mr. WYNN, Mr. KLUG, Mr. CANADY of Florida, and Mr. PORTER) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve the ability of the United States Government to collect debts owed to it, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Collection Act
5 Amendments of 1995”.

6 **SEC. 2. IMPROVED DEBT COLLECTION PRACTICES.**

7 (a) USE OF CONTRACTORS SPECIALIZING IN DEBT
8 COLLECTION.—Section 3718(a) of title 31, United States

1 Code, is amended by striking “Under conditions” and all
 2 that follows through “make” and inserting “The head of
 3 an executive or legislative agency shall make”.

4 (b) SALARY OFFSET.—Subsection (a)(1) of section
 5 5514 of title 5, United States Code, is amended by strik-
 6 ing “may be collected” and inserting “shall be collected”.

7 (c) DISCLOSURE TO CONSUMER REPORTING AGEN-
 8 CIES.—Subsection (f)(1) of section 3711 of title 31, Unit-
 9 ed States Code, is amended by striking “may disclose”
 10 and inserting “shall disclose”.

11 (d) ADMINISTRATIVE OFFSETS.—Subsection (a) of
 12 section 3716 of title 31, United States Code, is amended
 13 by striking “may” the first place it appears and inserting
 14 “shall”.

15 (e) REPORT TO THE INTERNAL REVENUE SERVICE
 16 OF DEBTS PAID IN FULL.—Subchapter II of chapter 37
 17 of title 31, United States Code, is amended by adding at
 18 the end the following new section:

19 **“§ 3720B. Report to the Internal Revenue Service of**
 20 **Debts Paid in Full**

21 “The head of a Federal agency shall report any debt
 22 that has been paid in full to the Internal Revenue Service
 23 promptly after the agency has determined that the debt
 24 has been paid in full.”.

1 (f) DISCLOSURE BY INTERNAL REVENUE SERVICE
2 OF ADDRESS INFORMATION.—Section 6103(m)(2)(A) of
3 the Internal Revenue Code of 1986 is amended by insert-
4 ing before the period “, or any other law granting a Fed-
5 eral agency the authority to collect or compromise a Fed-
6 eral claim against the taxpayer”.

7 (g) AUDITS AND REPORT OF AUDIT.—

8 (1) AUDITS OF FEDERAL AGENCIES.—The
9 Comptroller General of the United States shall an-
10 nually conduct audits of each Federal agency to de-
11 termine—

12 (A) the amount of debt owed to the agen-
13 cy;

14 (B) the amount of debt owed to the agency
15 that is delinquent; and

16 (C) any action taken by the agency to re-
17 cover the delinquent debt.

18 (2) REPORTS TO CONGRESS.—The Comptroller
19 General shall submit annually to the Congress a re-
20 port containing the information obtained through
21 the audits prepared pursuant to paragraph (1).

22 (h) EXTENSION OF PILOT DEBT COLLECTION
23 PROJECT.—

1 (1) EXTENSION OF PILOT PROJECT.—Section 5
2 of Public Law 99–578 (31 U.S.C. 3718 note) is re-
3 pealed.

4 (2) ADDITIONAL REPORTING REQUIREMENTS.—
5 Section 3718(c) of title 31, United States Code, is
6 amended—

7 (A) in paragraph (2), by striking “and” at
8 the end thereof; and

9 (B) in paragraph (3)—

10 (i) in subparagraph (C), by striking
11 the period and adding at the end “; and”;
12 and

13 (ii) by adding after subparagraph (C)
14 the following new subparagraph:

15 “(D) the total cost of the pilot program es-
16 tablished by Public Law 99–578 (100 Stat.
17 3305) as well as the total amount of debt recov-
18 ered under that pilot program.”.

19 (3) USE OF RECOVERED FUNDS TO REDUCE
20 BUDGET DEFICIT.—Section 3718 of title 31, United
21 States Code, is amended by adding at the end the
22 following new subsection:

23 “(h) Except as provided by subsection (d), any
24 amount recovered through a contract entered into under
25 subsection (b) shall be used to reduce the budget deficit

1 of the United States. Notwithstanding the preceding sen-
2 tence, a percentage (which is hereafter specified by law)
3 of the amount recovered through such a contract shall be
4 paid to the agency on whose behalf such amount was re-
5 covered for use by such agency in collecting indebtedness
6 owed to such agency.”

7 **SEC. 3. IMPROVED LOAN ORIGINATION PROCEDURES.**

8 (a) IMPROVED PRESCREENING PROCEDURES.—

9 (1) Chapter 97 of title 31, United States Code,
10 is amended by adding at the end the following new
11 section:

12 **“§ 9704. Improved prescreening procedures**

13 “The head of a Federal agency may not make a loan
14 to a loan applicant until the applicant has been
15 prescreened to determine if the applicant is creditworthy.
16 The determination of creditworthiness shall include an
17 evaluation of the ability and willingness of the applicant
18 to repay the debt, the agency’s level of acceptable risk,
19 other agency or Federal Government obligations that
20 could jeopardize or be jeopardized by the loan under con-
21 sideration, and the existence of other debts owed by the
22 loan applicant to the Federal Government, including a tax
23 delinquent account with the Internal Revenue Service.”.

(2) Section 6103(m)(2)(A) of the Internal Revenue Code of 1986 is amended by striking “the Secretary may” and inserting “the Secretary shall”.

(b) DENIAL OF CREDIT TO APPLICANTS WITH DELINQUENT DEBTS.—Chapter 97 of title 31, United States Code, as amended by subsection (a), is further amended by adding at the end the following new section:

8 **“§ 9705. Denial of credit to applicants with delin-**
9 **quent debts**

10 “The head of a Federal agency may not make a loan
11 to a loan applicant who owes a delinquent debt to the Fed-
12 eral Government, including the Internal Revenue Serv-
13 ice.”.

14 SEC. 4. USE OF ADMINISTRATIVE CHARGES TO IMPROVE
15 CREDIT MANAGEMENT TECHNIQUES.

Section 3717 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(i) The Secretary shall deposit in a special fund any amounts received by a Federal agency to cover the cost of processing and handling delinquent claims under subsection (e). The Secretary shall, without further appropriation and upon request by the agency, disburse money from such fund to the agency solely for the use of improving credit management techniques, except that the access

1 of each agency to funds in the special account shall be
 2 limited to the amount that the agency received to cover
 3 the cost of processing and handling delinquent claims
 4 under subsection (e).”.

5 **SEC. 5. TECHNICAL AMENDMENTS.**

6 (a) CHAPTER 37 AMENDMENTS.—The table of sec-
 7 tions at the beginning of chapter 37 of title 31, United
 8 States Code, is amended by inserting after the item relat-
 9 ing to section 3720A the following new item:

“3720B. Report to the Internal Revenue Service of debts paid in full.”.

10 (b) CHAPTER 97 AMENDMENTS.—The table of sec-
 11 tions at the beginning of chapter 97 of title 31, United
 12 States Code, is amended by adding at the end the follow-
 13 ing new items:

“9704. Improved prescreening procedures.

“9705. Denial of credit to applicants with delinquent debts.”.

